

Q&A – SUPPLIER IMPLEMENTATION EVENT – 27 JANUARY 2015

Meeting name Supplier Implementation Event

Date and time 27 January 2015

Question	Answer	Owner
Will both CFD Operational Costs Levy and the Interim Levy be on the same invoice?	<p>Yes, when both the CFD Operational Costs Levy and the Interim Levy are being charged daily these will be aligned on the same invoice.</p> <p>The backing data that supports this invoice is contained within the 56I and 57I groups of the 'D0362 CFD Supplier Invoice Backing Data' flow. You can view this data flow and the associated data items within Annex B in the February 2015 Planned Release, this is available here http://dte.mrasco.com/ListAnnexes.aspx.</p>	EMRS
What time of day will the invoices be sent (it is preferred first thing in the morning if paying by BACS and particular the Capacity Market Settlements Costs Levy as this is required to be paid within 3 working days)?	EMRS are seeking a response to this question	EMRS
Will I be able to determine my CFD Credit Cover requirement in advance?	<p>Yes, you'll be able to calculate the potential credit cover requirement by performing the following calculation:</p> <ul style="list-style-type: none"> • Most recent 21 calendar days of metered data multiply by the interim levy rate equals will equal the credit cover required. • You can do this based on your own forecasts, or based 	EMRS

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	<p>on the same data used in the calculation. There is a 2WD gap between when the data from the BSC is available, and when it will be used in the credit calculation.</p> <p>EMRS will be providing an indication to Suppliers of the potential credit cover requirement at least 30 days prior to the start of the levy period.</p>	
<p>Is the “credit note” in the form of a notification?</p>	<p>Whenever the net total of the invoice is a payment to a Supplier we will make a payment to them, and issue a ‘credit note’ and associated backing data to explain the payment. Situations in which this may happen depend on the payment type and this is illustrated as follows:</p> <ul style="list-style-type: none"> ● Operational Costs Levy a credit note may occur following the end of financial year ● Supplier Obligation Interim Levy Rate a credit may occur for a settlement date via receipt of latest metered data or via quarterly reconciliation. Normally this would be netted off other items on the same invoice, but if the invoice total was negative a credit note would be issued. ● Reserve Payment is unlikely a credit note would be issued as its reconciled quarterly ● Settlement Costs Levy a credit note may occur 	<p>EMRS</p>

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	following the end of financial year	
Is there a time limit for disputes to be resolved (where they are not about BSC data)?	<p>If the disputes relates to a determination made by the LCCC the Supplier has 28 day from when the determination was made to raise a dispute with the LCCC by sending a notice to the LCCC. This is outlined within Regulation 26 'Dispute notices' of the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014.</p> <p>The LCCC has up to 28 days from receipt of the notice either: (a) Reject the notice; or (b) Accept the notice (in full or in part) and make such determination under that provision as it thinks is necessary in consequence.</p> <p>Once the determination is made any payment either to or by LCCC should be within 5 working days of that determination</p>	LCCC
Why is it 3 WD payment from invoice for Capacity Market and yet 5WD for payment from invoice for Contracts for Difference (CFD)?	<p>These timings are set out in the relevant legislation. DECC has explained that, whilst consistency between the schemes is helpful, these payments have very different frequencies (the Capacity Market is a <i>monthly</i> payment and the CFD Supplier Obligation Levy is invoiced <i>daily</i>).</p> <p>The Capacity Market timeline was purposely set at 3 working days to include a number of specific, timed and linked steps for</p>	DECC

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	<p>making payments and drawing down credit if funds go unpaid. The CFD Supplier Obligation Levy timeline was designed to ensure the LCCC received funds before payments were due to CFD Generators.</p> <p>BSC trading charges are paid 3 WDs after invoice. However, CFD Supplier Obligation Levy payment is not needed that quickly because CFD Generators are paid 28 day in arrears – 5 WDs retains plenty of leeway for the LCCC yet gives Suppliers more time to scrutinise invoices before payment.</p>	
Will backing data have a VAT line?	VAT isn't included within the backing data and the invoice indicates that VAT is out of scope.	LCCC
When will the further 12 months forecast for the interim levy rate and Total Reserve Amount be available in the Transparency Tool?	<p>LCCC have forecasted the first quarter for the interim levy rate and the Total Reserve Amount reflecting assumptions based on publicly available information. At the time of setting the first quarter Supplier Obligation levy the outcome from the CFD Generator Allocation Round was not known and so reliance was placed on information that was already in the public domain.</p> <p>LCCC will be exploring the possible options for providing forward projections of the Supplier Obligation levy through the industry wide Expert Groups.</p>	LCCC
Are you able to request excess credit cover back?	Yes, you can request excess credit cover to be returned. The amount returned, will be the amount requested, or the surplus amount based on the latest minimum credit calculation,	EMRS

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	<p>whichever is the smaller.</p> <p>The process is outlined in Regulation 22 of the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014.</p> <p>To support the Regulations we'll be shortly publishing a working practice document that details how you request the excess credit cover to be returned.</p>	
<p>What data is used in the calculation for the interim levy rate?</p>	<p>To calculate the interim levy payment for a Supplier is uses gross demand data. Our approach is that it must correctly implement the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014, which require that Suppliers' CFD charges and credit cover requirements should be determined based on the amount they have supplied to premises in Great Britain.</p> <p>For Supplier BM Units, because 'Active Import' is separated from 'Active Export' in SVA with separate Metering System IDs (MSIDs) and Consumption Component Classes. The Supplier Volume Allocation Agent (SVAA) system has been amended to sum the Active Import data and report it as BM Unit gross demand for use in CFD Settlement.</p> <p>For other BM Units, we'll calculate the BM Unit gross demand from the BM Unit Metered Volume (QMij). BM Unit Metered Volumes will be included in BM Unit gross demand (and hence</p>	<p>EMRS</p>

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	<p>treated as chargeable for CFD purposes) if:</p> <ul style="list-style-type: none"> • BM Unit Metered Volume is negative (in that Settlement Period); • Lead Party for the BM Unit holds a supply licence; • It is not an Interconnector BM Unit (or Distribution Interconnector with a derogation from the requirement to register Interconnector BM Units); and • The premises are not being occupied for the purposes of operating a Licensable Generating Plant. <p>The relevant Transmission Loss Multiplier will be applied to gross demand in BSC systems.</p> <p>Further details are available within EMR Circular 25.</p>	
<p>When are Energy Intensive Industries (EII) and Green Energy Imports available from?</p>	<p>The earliest a Supplier may seek a determination from the LCCC for an exemption from the Supplier Obligation Levy Rate for “green excluded electricity” is after 31 March 2015. This is for renewable electricity generated by plant commissioned after 31 March 2015 in other EU Member States and supplied to consumers in Great Britain.</p> <p>The LCCC will publish draft guidance this month on the exemptions process ahead of publishing final guidance before the 1 April 2015.</p>	<p>LCCC</p>

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	<p>The earliest that an Energy Intensive Industries certificate may be issued is 1 October 2015, subject to State Aid approval and the Parliamentary process. The exemption cannot be retrospectively applied.</p> <p>LCCC is working with EMRS, BIS and DECC in developing further the exemptions process, including the 'relevant arrangements'. BIS and LCCC will issue guidance in advance of the scheme starting</p>	
How often do CFD Generators get paid?	CFD Generators will be paid 28 calendar days after the billing period. This will occur daily when the Market reference price is below the Strike price for that CFD Generator.	EMRS